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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004211

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E.O. 12958: DECL: 10/22/2011
TAGS: [PREL](#) [PGOV](#) [EAID](#) [ETTC](#) [IQ](#) [KU](#)
SUBJECT: SCENESETTER FOR THE OCTOBER 31 IRAQ COMPACT
MEETING IN KUWAIT

REF: A. BAGHDAD 3758

- [1](#)B. KUWAIT 4119
- [1](#)C. KUWAIT 0201
- [1](#)D. 05 KUWAIT 5299
- [1](#)E. KUWAIT 0167

Classified By: CDA Matt Tueller for reasons 1.4 (b) and (d).

[1](#)1. (C) Undersecretary Kimmitt and Counselor Zelikow, we look forward to your visit. The October 31 meeting of the International Compact with Iraq (ICI) Preparatory Group (PG) will involve delegations from 22 nations and will be hosted by the Kuwait Fund for Arab Economic Development. Kuwait Deputy Prime Minister and Minister of Foreign Affairs Shaykh Dr. Mohammed Al-Sabah Al-Salem Al-Sabah will be the senior GOK representative present. The PG will follow up on progress made during the recent ICI meeting in Baghdad (Ref A). Post's recent discussions with the GOK affirm support for the ICI, but there is are underlying reservations about the rapid pace of the Compact process and that ability of the Maliki government to carry out the Compact agenda (Ref B).

[1](#)2. (SBU) In addition to the ICI meeting, Post has requested meetings with Deputy PM and Foreign Minister Al-Sabah, Minister of Finance Bader Al-Meshari Al-Humaidhi, Kuwait Fund for Arab Economic Development (KFAED) Director General Abdul Wahab Al-Bader, Arab Fund for Economic and Social Development (AFESD) Director General Abdulatif Al-Hamad, and Kuwait Investment Authority Managing Director Bader Al-Saad.

Iraq - Kuwait Relations

[1](#)2. (C) Kuwait and Iraq are slowly rebuilding their diplomatic and economic relationship, in fits and starts. While Kuwaitis well understand their stake in the success of the Iraq's government, they believe they are subject to particular security risks in Iraq, and remain wary of what they see as continuing former regime influence among Sunnis, as well as Iranian influence in Iraq's southern provinces. With hundreds of Kuwaitis still missing and unaccounted from the first Gulf War, Iraq remains a highly-charged political issue in Kuwait. Nevertheless, Kuwait has privately stated its willingness to send an Ambassador to Iraq if the GOI first designates an Ambassador to Kuwait, and has informally selected the Chief of the Humanitarian Operations Center (HOC) retired Lt. General Ali Al-Mu'min as its nominee. Al-Mu'min has traveled several times to Iraq and plans another trip in November. Iraq is represented in Kuwait by a Charge d'Affaires who is not seen here as a substantive interlocutor. Kuwait remains active in regional engagement on Iraq, and has agreed to host the next Iraq "Neighbors' Conference" of Interior Ministers early next year.

GOK Aid to Iraq

13. (SBU) Kuwait announced \$1.5 billion in bilateral aid to Iraq at the Madrid Conference, and counted \$1 billion through in-kind assistance in support of Operation Iraqi Freedom (OIF). Of the remaining \$500 million, the GOK committed to \$440 million in concessionary loans for power sector projects, and \$60 million in grants for educational and health projects. Beyond its Madrid pledges, in June 2005, Kuwait committed an additional \$60 million for health and education through the Humanitarian Operations Center (HOC). In addition, the GOK has provided \$10 million to the International Reconstruction Fund Facility for Iraq (IRFFI), and \$5 million in medical aid to the HOC.

14. (SBU) From December 2002 - December 2004, Kuwait provided over \$2 billion in free fuel for U.S. and Coalition use in Operation Iraqi Freedom (OIF) and as Assistance in Kind (AIK) for Kuwait-specific activities under the Defense Cooperation Agreement (DCA). Kuwait continues to provide fuel at a concessionary rate, saving the military and U.S. taxpayers millions of dollars a year. It also provides assistance-in-kind support, estimated at \$1-2 billion annually, for the U.S. military presence in Kuwait. Kuwait's support facilitates the U.S. military's mission in Iraq and Afghanistan, both of which are supported by over 22,000 troops in Kuwait.

Debt Forgiveness

15. (C) Iraq owes Kuwait approximately \$11 billion in pre-Gulf War debt. The Government of Kuwait has agreed to

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meet the Paris Club commitment of 80 percent debt reduction, but will need to push through legislative approval for the measure. The issue of pre-war debt raises strong feelings among many Kuwaiti MPs, and some believe it should be linked to outstanding claims for Gulf War-related compensation. Since the Madrid Conference, Kuwait has also committed \$575 million in aid to Iraq, in the form of \$135 million in grants and \$440 million in soft loans, to be administered by the Kuwait Fund for Arab Economic Development. However, only \$15 million has been disbursed so far. (Refs C, D, and E).

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